



JOHN CHIANG
California State Controller

December 18, 2012

Vincent J. Ponce, Superintendent
Perris Elementary School District
143 East First Street
Perris, CA 92570

Dear Mr. Ponce:

The State Controller's Office reviewed the costs claimed by Perris Elementary School District for the legislatively mandated Standardized Testing and Reporting Program (Chapter 828, Statutes of 1997) for the period of July 1, 1997, through June 30, 2004. Our review was limited to ensuring that the California Department of Education Standardized Testing and Reporting Program apportionment was properly offset.

The district claimed \$461,653 for the mandated program. Our review disclosed that \$395,510 is allowable and \$66,143 is unallowable. The costs are unallowable because the district did not report any offsetting reimbursements, as described in the attached Summary of Program Costs and Finding and Recommendation.

For the fiscal year (FY) 1997-98 claim, the State paid the district \$19,519 from funds appropriated under Chapter 724, Statutes of 2010. Our review disclosed that \$36,465 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$16,946, contingent upon available appropriations.

For the FY 1998-99 claim, the State paid the district \$60,653 from funds appropriated under Chapter 724, Statutes of 2010. Our review disclosed that \$45,287 is allowable. The State will apply \$15,366 against any balances of unpaid mandated-program claims due the district as of October 19, 2010.

For the FY 1999-2000 claim, the State paid the district \$61,869 from funds appropriated under Chapter 724, Statutes of 2010. Our review disclosed that \$56,800 is allowable. The State will apply \$5,069 against any balances of unpaid mandated-program claims due the district as of October 19, 2010.

For the FY 2000-01 claim, the State made no payment to the district. Our review disclosed that \$61,787 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 2001-02 claim, the State made no payment to the district. Our review disclosed that \$70,897 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 2002-03 claim, the State made no payment to the district. Our review disclosed that \$92,298 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 2003-04 claim, the State made no payment to the district. Our review disclosed that \$31,976 is allowable. The State will pay that amount, contingent upon available appropriations.

We informed Tina Daigneault, Chief Business Official, of the review results via e-mail on November 19, 2012. On November 20, 2012, Ms. Daigneault responded that she agreed with the finding.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/sk

Attachments

RE: S13-MCC-913

cc: Tina Daigneault, Chief Business Official
Perris Elementary School District
Kenneth M. Young, County Superintendent of Schools
Riverside County Office of Education
Scott Hannan, Director, School Fiscal Services Division
California Department of Education
Carol Bingham, Director, Fiscal Policy Division
California Department of Education
Thomas Todd, Assistant Program Budget Manager
Education Systems Unit, Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

Attachment 1— Summary of Program Costs July 1, 1997, through June 30, 2004

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 1997, through June 30, 1998</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 4,911	\$ 4,911	\$ —
Pre-test and post-test coordination	31,280	31,280	—
Reporting and recordkeeping	21,271	21,271	—
Total direct costs	57,462	57,462	—
Indirect costs	988	988	—
Total direct and indirect costs	58,450	58,450	—
Less offsetting reimbursements	—	(21,985)	(21,985)
Total program costs	<u>\$ 58,450</u>	36,465	<u>\$ (21,985)</u>
Less amount paid by the State ²		(19,519)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 16,946</u>	
<u>July 1, 1998, through June 30, 1999</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 5,027	\$ 5,027	\$ —
Pre-test and post-test coordination	32,500	32,500	—
Reporting and recordkeeping	22,100	22,100	—
Total direct costs	59,627	59,627	—
Indirect costs	1,026	1,026	—
Total direct and indirect costs	60,653	60,653	—
Less offsetting reimbursements	—	(15,366)	(15,366)
Total program costs	<u>\$ 60,653</u>	45,287	<u>\$ (15,366)</u>
Less amount paid by the State ²		(60,653)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (15,366)</u>	
<u>July 1, 1999, through June 30, 2000</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 5,027	\$ 5,027	\$ —
Pre-test and post-test coordination	33,212	33,212	—
Reporting and recordkeeping	22,584	22,584	—
Total direct costs	60,823	60,823	—
Indirect costs	1,046	1,046	—

Attachment 1 (continued)

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Review</u>	<u>Review Adjustment ¹</u>
<u>July 1, 1999, through June 30, 2000 (continued)</u>			
Total direct and indirect costs	61,869	61,869	—
Less offsetting reimbursements	—	(5,069)	(5,069)
Total program costs	<u>\$ 61,869</u>	<u>56,800</u>	<u>\$ (5,069)</u>
Less amount paid by the State ²		<u>(61,869)</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (5,069)</u>	
<u>July 1, 2000, through June 30, 2001</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 5,027	\$ 5,027	\$ —
Pre-test and post-test coordination	36,259	36,259	—
Reporting and recordkeeping	24,656	24,656	—
Total direct costs	65,942	65,942	—
Indirect costs	1,135	1,135	—
Total direct and indirect costs	67,077	67,077	—
Less offsetting reimbursements	—	(5,290)	(5,290)
Total program costs	<u>\$ 67,077</u>	<u>61,787</u>	<u>\$ (5,290)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 61,787</u>	
<u>July 1, 2001, through June 30, 2002</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 6,140	\$ 6,140	\$ —
Pre-test and post-test coordination	42,324	42,324	—
Reporting and recordkeeping	25,829	25,829	—
Total direct costs	74,293	74,293	—
Indirect costs	2,488	2,488	—
Total direct and indirect costs	76,781	76,781	—
Less offsetting reimbursements	—	(5,884)	(5,884)
Total program costs	<u>\$ 76,781</u>	<u>70,897</u>	<u>\$ (5,884)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 70,897</u>	

Attachment 1 (continued)

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Review</u>	<u>Review Adjustment ¹</u>
<u>July 1, 2002, through June 30, 2003</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 23,381	\$ 23,381	\$ —
Test materials, supplies, and equipment	860	860	—
Pre-test and post-test coordination	21,790	21,790	—
Test administration	10,418	10,418	—
Reporting and recordkeeping	15,466	15,466	—
Total salaries and benefits	71,915	71,915	—
Materials and supplies:			
Test materials, supplies, and equipment	21,152	21,152	—
Total materials and supplies	21,152	21,152	—
Total direct costs	93,067	93,067	—
Indirect costs	5,397	5,397	—
Total direct and indirect costs	98,464	98,464	—
Less offsetting reimbursements	—	(6,166)	(6,166)
Total program costs	<u>\$ 98,464</u>	92,298	<u>\$ (6,166)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 92,298</u>	
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 3,692	\$ 3,692	\$ —
Pre-test and post-test coordination	14,425	14,425	—
Test administration	5,406	5,406	—
Reporting and recordkeeping	6,000	6,000	—
Total salaries and benefits	29,523	29,523	—
Materials and supplies:			
Test materials, supplies, and equipment	7,261	7,261	—
Total materials and supplies	7,261	7,261	—
Total direct costs	36,784	36,784	—
Indirect costs	1,575	1,575	—
Total direct and indirect costs	38,359	38,359	—
Less offsetting reimbursements	—	(6,383)	(6,383)
Total program costs	<u>\$ 38,359</u>	31,976	<u>\$ (6,383)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 31,976</u>	

Attachment 1 (continued)

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Review</u>	<u>Review Adjustment ¹</u>
<u>Summary: July 1, 1997, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 53,205	\$ 53,205	\$ —
Test materials, supplies, and equipment	860	860	—
Pre-test and post-test coordination	211,790	211,790	—
Test administration	15,824	15,824	—
Reporting and recordkeeping	137,906	137,906	—
Total salaries and benefits	419,585	419,585	—
Materials and supplies:			
Test materials, supplies, and equipment	28,413	28,413	—
Total materials and supplies	28,413	28,413	—
Total direct costs	447,998	447,998	—
Indirect costs	13,655	13,655	—
Total direct and indirect costs	461,653	461,653	—
Less offsetting reimbursements	—	(66,143)	(66,143)
Total program costs	<u>\$ 461,653</u>	395,510	<u>\$ (66,143)</u>
Less amount paid by the State ²		(142,041)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 253,469</u>	

¹ See Attachment 2, Finding and Recommendation.

² Payment from funds appropriated under Chapter 724, Statutes of 2010 (Assembly Bill No. 1610).

Attachment 2— Finding and Recommendation July 1, 1997, through June 30, 2004

**FINDING—
Unreported offsetting
reimbursements**

The district did not report offsetting reimbursements totaling \$66,143 because it did not report any of the Standardized Testing and Reporting Program (STAR) apportionments received from the California Department of Education (CDE) for the review period.

On August 24, 2000, the Commission on State Mandates (CSM) adopted the statement of decision for the STAR Program. The CSM determined that Chapter 828, Statutes of 1997, and the implementing regulations at Title 5, California Code of Regulations, sections 850 through 904, imposed upon school districts a state mandate reimbursable under Government Code section 17561, commencing October 10, 1997.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted the parameters and guidelines on January 24, 2002. In compliance with Government Code section 17558, the SCO issued claiming instructions to assist school districts in claiming mandated program reimbursable costs.

On reconsideration of Statutes of 2004, Chapter 216, section 34, and Statutes 2004, Chapter 895, section 19, the CSM found that effective July 1, 2004, many of the reimbursable activities were either federally mandated or no longer required, and thus were not reimbursable. Accordingly, the CSM deleted references to the non-reimbursable activities and renamed the program to the National Norm-Referenced Achievement Test Program effective July 1, 2004. This latter program has been suspended since September 30, 2008.

The parameters and guidelines for the STAR program (section VII) state:

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, including but not limited to, services fees collected, federal funds and other state funds shall be identified and deducted from the claim.

Education Code section 60640, subdivision (h)(1), specifies that the State Superintendent of Public Instruction shall apportion funds to school districts to enable them to administer the tests within the STAR Program. For the review period, we determined that the district received \$88,338 from the CDE.

We determined the amount that should have been offset by multiplying the total CDE apportionment by the reimbursable mandate percentages, which are based on test results published on the CDE STAR website. The district administered the following STAR tests during the review

period: California Standards Test (CST); Stanford Achievement Test, Ninth Edition (SAT-9), California Achievement Test, Sixth Edition Survey (CAT/6); and the Spanish Assessment of Basic Education, Second Edition (SABE/2). The CST is not reimbursable because it was not pled in the test claim that created this mandate.

Based on the CDE's published test results, the reimbursable mandate percentages are as follows: 100% for FY 1997-98, 67.28% for FY 1998-99, 67.17% for FY 1999-2000, 64.90% for FY 2000-01, 67.26% for FY 2001-02, 66.96% for FY 2002-03, and 64.74% for FY 2003-04.

The following table summarizes the unreported offsetting reimbursements for the review period:

	Fiscal Year						
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04
STAR Program apportionments:							
CDE apportionment	\$ (21,985)	\$ (22,839)	\$ (7,546)	\$ (8,151)	\$ (8,748)	\$ (9,209)	\$ (9,860)
Mandate-related percentage	× 100%	× 67.28%	× 67.17%	× 64.90%	× 67.26%	× 66.96%	× 64.74%
Mandate-related apportionment	(21,985)	(15,366)	(5,069)	(5,290)	(5,884)	(6,166)	(6,383)
Less offset CDE apportionment	—	—	—	—	—	—	—
Review adjustment	\$ (21,985)	\$ (15,366)	\$ (5,069)	\$ (5,290)	\$ (5,884)	\$ (6,166)	\$ (6,383)

Recommendation

We recommend that the district ensure that all applicable reimbursements are offset against mandated program costs.